



NCACPA Board of Directors Meeting Minutes August 22, 2018 Conference call Scott Showalter, CPA, Chair, presiding

Members participating (on conference call)

Scott Showalter	Rollin Groseclose	George Beckwith
Shawana Karkouki	Kristen Hoyle	Kelli Knoble
Whitney Gann	Sarah Bruce	Amin Ainolhayat
Austin Wachter	Scott Hughes	Michelle Tracz
Malcomb Coley	Jonathan Kraftchick	Mike Gillis
Walter Davenport		

Staff participating

Sharon Bryson, Mark Sotichack, Amelia Hodges, Lorrie Leonhardt, Jackie Asekhauno, Moira Gill, and Alexis Verbic.

Guests

NC State Board of CPA Examiners Executive Director, Bob Brooks; and Deputy Director, David Nance; and NCACPA Legislative Counsel/Lobbyist Dave Horne, JD, Smith Anderson.

Administrative Matters

Call to Order

Scott Showalter called the meeting to order and welcomed members of the NCACPA board, staff of the NC State Board of CPA Examiners, the NCACPA management team, and other invited guests, after which the CPAs in attendance recited the "Oath of a NC CPA."

Consent Agenda

Scott Showalter inquired if there were any questions concerning the minutes of the June 21, 2018 Board of Directors meeting. Rollin Groseclose referenced a few comments he shared earlier in the day with Sharon Bryson concerning next steps related to the Diversity & Inclusion Task Force Report. There being no other comments, a motion was made and unanimously approved to accept the minutes with the aforementioned edits included.

Strategic Discussions

Governance & Operational Effectiveness

Scott Showalter briefly referenced his focus for the year ahead, conveyed his overall intent for the board's stated strategies to guide our efforts. As part of those efforts – and in light of continuing member feedback regarding the importance of emerging technologies – Scott relayed a suggestion that NCACPA

create a task force (with an approximate 30 day shelf life) directed at "Emerging Technologies." It was agreed a task force will be assembled to address the following two questions:

- (1) Define the impact of emerging technologies on the accounting profession - broadly defined. (Emerging technologies to include data analytics, blockchain, AI, cognitive learning, bot technology, drones, etc.)
- (2) Understanding the answer to #1, are there things NCACPA should be doing to help our members in this area?

It was noted NCACPA staff will work to populate the task force with individuals from various types and sizes of organizations. A task force report will be shared during the October 3-4, 2018 board meeting. Scott thanked board member Jonathan Kraftchick for his willingness to lead the Emerging Technologies Task Force.

NC CPA Foundation and PAC Contributions

Scott discussed the board requirement to contribute to the NC CPA Foundation and PAC. He asked board members to be conscious of the timing of their contributions, which should be made each fiscal year, (May 1 through April 30.)

It was requested that staff notify board members of the status of their current fiscal year contributions to both the Foundation and the PAC.

In the name of heightened transparency regarding our PAC, it was suggested that going forward, board members receive information identifying who has received an NC CPA PAC contribution, along with the corresponding contribution amount. This same list will also provide info as to why a PAC contribution has been made to a specific individual. In addition, Sharon noted board members will receive minutes of the first meeting of the Advocacy Advisory Council (and their subsequent meetings as well.)

It was again stated that as we continue to share additional information with our members regarding the PAC, that this communication will "tell the story" concerning specific issues we are focused on and why – meanwhile emphasizing that our PAC-related efforts don't involve partisan politics. Instead, our PAC's primary focus is to promote a favorable business climate in the state of North Carolina.

2018 Board of Directors Survey Results

Scott supplied an update regarding the survey sent to the 2017-18 Board of Directors and NCACPA Management Team. He noted of the 24 surveys sent, only 17 were returned. Scott stressed the importance of receiving the board's feedback, and then identified common themes in the survey results:

- There was a suggestion for the next survey of this type to request each board member's term year, and to report results by the associated term.
- It was again stressed that we need an adequate number of responses to properly evaluate items being questioned.
- Continue to keep board meetings focused on NCACPA strategic matters.
- Consider asking board liaisons to provide more regular strategic input regarding their respective committee's activities.
- Suggestion that we focus on a specific strategic quadrant (and related committees) at each board meeting during the year.

- It was noted that the overall survey results were very favorable.

Individual Board of Directors Survey

Scott discussed the shared draft of the Individual Board Survey, with the overall purpose being to help board members see how well they are doing and how they might improve with respect to their board role. Scott went on to discuss the survey draft and its rating system, with reactions being favorable. A suggestion was made regarding the addition of the following survey item:

"I take the initiative to learn more about an issue I should know more about."

There being no objections, it was confirmed the survey would be sent out, with results shared and discussed on an aggregate basis at the October board meeting.

2019 Nominating Committee

2019 Nominating Committee member, Rollin Groseclose, provided a brief overview as to how the committee will handle this year's nominating process. Two meetings will be scheduled, one in November and one in January, with the goal of more effectively and efficiently achieving the objectives of the Nominating Committee – with the addition of a second meeting helping to avoid such a compressed timeframe to achieve those objectives. The board was encouraged to suggest candidates for board positions and to submit those names to Sharon Bryson. It was also noted time will be spent at the October board meeting going over identification of the necessary skills and characteristics needed for future board members – with this information being routed to the Nominating Committee prior to their November meeting.

Treasurer's Discussion

Treasurer, Shawana Karkouki, provided a brief update on the annual audit, specifically noting the process is well underway and running smoothly, and that the final Audit Report will be provided for review during the October board meeting.

Shawana shared a brief overview of the July financials, noting cash, investments, and the balance sheet are all strong. She specifically commented that professional development is in a favorable position, and that we have exceeded budgeted YTD membership revenue and are on track to exceed budget in this area for the year.

Shawana provided an Investment Committee update, noting we have \$4.3 million invested with Vanguard (with a 5.3% return), and that we are well positioned to access these funds from a liquidity standpoint. She added that in January, the Investment Committee will discuss with Vanguard if we need to consider rebalancing any of the funds.

Enhanced Engagement

2018 Leadership Summit Follow-Up

At the 2018 Leadership Summit, Scott discussed the strategic focus NCACPA has committed to regarding Diversity & Inclusion. He requested that D&I be included as part of each NCACPA Committee's Action Plan, with a report provided at the January board meeting concerning what each committee has accomplished in this area.

Firm Succession was also a major point of focus at the Leadership Summit. Following discussion, board members noted that as succession planning is such a significant area of concern within the profession - that NCACPA should increase its involvement/leadership regarding this topic. The possibility of creating a specific task force was mentioned, with Mike Gillis offering his assistance as needed.

Jonathan Kraftchick suggested we consider following the advice of Leadership Summit presenter, Chuck Bamford, and give significant thought to identifying which NCACPA initiatives are "orthodox," as opposed to providing our organization with a competitive advantage. Jonathan mentioned he plans to take this idea back to our A&A Committee, and that other NCACPA committees may want to consider a similar exercise.

Lastly, it was requested we share Leadership Summit feedback summaries with those who attended the event.

Connect

There was discussion regarding Connect, and how it is periodically helpful for board members to weigh in on an issue that has been posted on the Open Forum feature of Connect. There was agreement that NCACPA staff should certainly feel free to request such assistance as warranted – and board members were also encouraged to post on Connect without an "invitation." There was a suggestion that staff may want to consider sharing Connect "ground rules" with the board. (NOTE: It appears the attached [NCACPA Communications Policy](#) should be helpful with respect to board member posts on Connect.)

Increased Advocacy & Awareness

ABV Credential

Scott mentioned a recent article in the Wall Street Journal concerning the AICPA's decision to offer the ABV credential to non-CPAs. Sharon noted the New York State CPA Society has requested the AICPA reverse its current decision on the issue - and that the California Society has requested a one year delay, with increased communication on the issue, followed by a Council re-vote on the matter. The Florida Institute is considering the same path that California has taken, and the Virginia Society has gone on record requesting additional clarity on the decision. Sharon stressed we are continuing to listen to NCACPA member feedback on the ABV topic, and she confirmed we have communicated directly with the AICPA on the matter, and directly with Barry Melancon as well. Scott asked the board to inform Sharon of any member comments they become aware of on the ABV issue.

Expanded Pathways

Sharon reminded the board that their feedback on the Expanded Pathways topic (discussed during our June 21st meeting) had been shared with the AICPA. She also noted that both NASBA and AICPA are reportedly considering all State CPA Society and State Board input received, with the next update on this matter being shared at AICPA Fall Council.

Peer Review

Board member Scott Hughes mentioned the recent Peer Review Conference was indeed "intense," with ongoing frustration expressed regarding the PRIMA system, along with issues concerning Peer Review Standards, and the peer review administration program. Both Sharon and Mark referenced preliminary discussions with their state society peers - in Tennessee, Maryland, Georgia, and Virginia – with respect to attempting to determine the best course of action regarding sustainability of our peer review program. It was noted there will certainly be more information forthcoming as these discussions continue.

Legislative and NC CPA PAC Matters

The NCACPA Advocacy Report Card was discussed and it was pointed out PAC donations are in an improved status, largely as a result of including a PAC donation option on this year's Association dues notices. Both Sharon and NCACPA Lobbyist, Dave Horne, stressed the importance of getting our NC CPA PAC checks distributed in early to mid-October, in order to heighten our legislators' awareness of NCACPA's advocacy agenda during the upcoming long session, and to strengthen our relationships with those General Assembly members who are in a position to assist with our legislative agenda. Dave again requested the board share names of General Assembly members with whom they already have a relationship.

Sharon noted our Legislative Task Force recently conducted a conference call and that they are continuing to focus on the following items during the upcoming General Assembly session: Power of Attorney; Market-Based Sourcing; and Bonus Depreciation.

Adjournment

There being no further business to conduct, the meeting was adjourned. The next meeting of the Board of Directors is scheduled for October 3-4, 2018, and will be held at the Rizzo Center in Chapel Hill.

Respectfully submitted,
Sharon H. Bryson, M.Ed., CEO
Secretary to the Board